

mately 500 within the next five years. In health and beauty aids, a nutrition center has been created, 175 units so far, in answer to the ever-growing health-conscious consumer sector. Domestic centers completed to date include 91 units with an additional 400-500 planned over the next two years.

This new marketing strategy that was actually instituted three years ago as the store of the 80's has produced dramatic shifts in K mart's consumer profiles. The store no longer represents solely the blue collar customer nor is it located principally in the midwest. "Today our sales and profits flow from every market throughout this country," says Board Chairman Bernard Fauber in a recent article in *ChainSigns*, November 1983.

The company decided to up-scale because from a market research profile, the customers shopping K mart indicated they wanted more name brand merchandise and higher quality merchandise. They also indicated that they were willing to pay the difference in price. When K mart opened its first store, the company established a solid reputation for having the right price at the right time. Twenty some years later with a considerable amount of more stores in varied locations K mart sought to satisfy a wider market and knew it had to up-scale or upgrade the look and appeal of the K mart store.

The marketing department's primary function is to identify the customer for which a certain strategy is planned. Since its inception, they have played a major role in coordinating the refurbishments of targeted stores. Says Kreitz, "But we assist anywhere we can," including working in conjunction with market research in updating customer profiles. These customer profiles are sent to the buying departments to facilitate in their selection of merchandise and store layout. The profile will indicate such statistics as: Is the area in which a particular K mart located a tourist area; Is it primarily an area where senior citizens reside; What is the average income level; the demographics; education; and average cost per home. From this the buyers can determine



*Kitchen Corner—a new department created by combining kitchenware and homewares.*

what kind of merchandise the store should carry.

Marketing will also draw up plans for a particular strategy and will include three main areas of consideration. Is the product oriented to the customer's needs and wants; is the market organization effective in bringing the product in contact with the customer; and does the marketing plan identify strategies and responsibilities for implementing action programs to achieve the desired results. All three of these ingredients must be accounted for to ensure that the marketing program will have potential success. The finest product will have a poor chance in overcoming a weak organization or inadequate planning. Conversely, the most creative planning cannot compensate for a poor product.

In addition to drawing up a marketing plan, marketing will also work with the company's internal consultants and facilitate in such areas as analyzing competition, identifying potential problems, set priorities and objectives, evaluate alternate strategies, outline a budget and most importantly, review the end result.

Marketing also keeps departments informed of new merch-

andise lines gathered from trade shows, two of which were in Milan and Nuernberg and visited by DeJaeghere. "We also visit new concepts of other retailers, which allows us to explore new retailing possibilities," says Kreitz.

The marketing department is essentially one of the few areas that gets involved in almost every department at the initial stages of a project, sees that it is running on a smooth course and once this is established, says Kreitz, "We go onto something else."

Since its inception, marketing

has assisted in the direction of Designer Depot, KMI Insurance booths in selected stores, fibre firms co-op collection, Names for Less program, in addition to the K mart store's New Direction. Marketing has kept a pretty good track record since its beginnings and New Direction is proof of that. From store refurbishments, there has been a significant improvement in sales, in some cases double of those stores that have not undergone department conversions. This was considered a spectacular improvement and a good cue to continue with New Direction. As Fauber said in a recent news release, "I can confidently state that this is going to be the year in which K mart reaps a harvest of benefits from the seeds of the change planted during the past 36 months."



*Ron DeJaeghere.*